

Ms. Marlene MacDonald. I'm good. How are you? You look great.

The President. I'm doing great.

Q. That's a great hat.

The President. Yes, I've had this old hat a long time. And my old boots.

Q. Is it a Stetson?

The President. I got these boots about, oh, 8 years ago—7, 8 years ago, in Salem, Arkansas, Fulton County. I went out to help them—it was a little town of 1,000 people, and they got one of our economic development airport grants. And they gave me these boots.

Q. What are they made of, sir?

The President. Snakeskin.

Q. Are you relaxed?

The President. Yes, I love it here. I love it here. I love it. I'm glad we got out for a ride.

Q. I'm glad we got a picture. [Laughter]

The President. Well, yes. I was sort of derelict today, I decided I'd sleep in and kind of laze around. So we've just been fooling around at home.

Good to see you.

NOTE: The President spoke at approximately 5 p.m. at the Bar B Bar Ranch. In his remarks, he spoke to Marlene A. MacDonald, Office Manager, Lower Press Office, the White House. The press release issued by the Office of the Press Secretary did not include the complete opening remarks of the President. A tape was not available for verification of the content of this exchange.

Letter to Congressional Leaders on Iraq

August 14, 1996

Dear Mr. Speaker: (Dear Mr. President:)

I hereby report to the Congress on the developments since my last report of February 9, 1996, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c).

Executive Order No. 12722 ordered the immediate blocking of all property and inter-

ests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons are also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution ("UNSCR") 778 of October 2, 1992. UNSCR 778 requires U.N. Member States to transfer to a U.N. escrow account any funds (up to \$200 million apiece) representing Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq, to finance Iraq's obligations for U.N. activities with respect to Iraq, such as expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a non-partisan basis. A portion of the escrowed funds also funds the activities of the U.N. Compensation Commission in Geneva, which handles claims from victims of the Iraqi invasion and occupation of Kuwait. Member States also may make voluntary contributions to the account. The funds placed in the escrow account are to be returned, with interest, to the Member States that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the U.N. Security Council. No Member State is required to fund more than half of the total transfers or contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders No. 12724 and 12817 (the "Executive Orders"). The report covers events from February 2, 1996, through August 1, 1996.

1. In April 1995, the U.N. Security Council adopted UNSCR 986 authorizing Iraq to export up to \$1 billion in petroleum and petroleum products per quarter for 6 months under U.N. supervision in order to finance the purchase of food, medicine, and other humanitarian supplies. This arrangement may be renewed by the Security Council for additional 6-month periods. UNSCR 986 includes arrangements to ensure equitable distribution of humanitarian goods purchased with UNSCR 986 oil revenues to all the people of Iraq. The resolution also provides for the payment of compensation to victims of Iraqi aggression and for the funding of other U.N. activities with respect to Iraq. On May 20, 1996, a memorandum of understanding was concluded between the Secretariat of the United Nations and the Government of Iraq agreeing on terms for implementing UNSCR 986. Further implementation procedures are being considered by the Iraq Sanctions Committee which is composed of members of the Security Council.

2. During the reporting period, there was one amendment to the Iraqi Sanctions Regulations (the "ISR"). On July 10, 1996, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") amended the ISR to provide a general license authorizing U.S. persons to enter into executory contracts with the Government of Iraq for the purchase of Iraqi-origin petroleum and petroleum products, the sale of essential parts and equipment for the Kirkuk-Yumurtalik pipeline system, and the sale of humanitarian goods and services, with performance conditioned upon approval by the Office of Foreign Assets Control within the framework of United Nations Security Council Resolution 986 (1995). (61 Fed. Reg. 36627, July 12, 1996.) A copy of the amended Regulations is attached.

All executory contracts must contain terms requiring that all proceeds of oil purchases from the Government of Iraq, including the

State Oil marketing organization, must be placed in the U.N. escrow account at Banque Nationale de Paris, New York (the "986 Escrow Account"), and all Iraqi payments for authorized sales of pipeline parts and equipment, humanitarian goods, and incidental transaction costs borne by Iraq will, upon approval by the UNSC committee established pursuant to UNSCR 661 ("the 661 Committee"), be paid or payable out of the 986 Escrow Account.

3. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior reporting periods are continuing and recent additional allegations have been referred by OFAC to the U.S. Customs Service for investigation. Several OFAC civil penalty proceedings are pending.

Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to OFAC's listing of individuals and organizations determined to be Specially Designated Nationals ("SDNs") of the Government of Iraq.

4. Pursuant to Executive Order No. 12817 implementing UNSCR 778, on October 28, 1992, OFAC directed the Federal Reserve Bank of New York to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the Order. Cumulative transfers from the blocked Federal Reserve Bank of New York account since issuance of Executive Order No. 12817 amounted to \$200 million as of December 21, 1995, fully satisfying the United States' commitment to match the payments of other Member States from blocked Iraqi oil payments, and its obligation pursuant to UNSCR 778.

5. The Office of Foreign Assets Control has issued a total of 630 specific licenses regarding transactions pertaining to Iraq or Iraqi assets since August 1990. Licenses have been issued for transactions such as the filing of legal actions against Iraqi governmental entities, legal representation of Iraq, and the exportation to Iraq of donated medicine, medical supplies, and food intended for hu-

manitarian relief purposes, the execution of powers of attorney relating to the administration of personal assets and decedents' estates in Iraq and the protection of preexistent intellectual property rights in Iraq. Since my last report, 12 specific licenses have been issued.

6. The expenses incurred by the Federal Government in the 6-month period from February 2, 1996, through August 1, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq are reported to be about \$1 million, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of International Organization Affairs, the Bureau of Political-Military Affairs, the U.S. Mission to the United Nations, and the Office of the Legal Advisor), and the Department of Transportation (particularly the U.S. Coast Guard).

7. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with United Nations Security Council resolutions. Security Council resolutions on Iraq call for the elimination of Iraqi weapons of mass destruction, Iraqi recognition of Kuwait and the inviolability of the Iraq-Kuwait boundary, the release of Kuwaiti and other third-country Nationals, compensation for victims of Iraqi aggression, long-term monitoring of weapons of mass destruction capabilities, the return of Kuwaiti assets stolen during Iraq's illegal occupation of Kuwait, renunciation of terrorism, an end to internal Iraqi repression of its own civilian population, and the facilitation of access of international relief organizations to all those in need in all parts of Iraq. Six years after

the invasion, a pattern of defiance persists: a refusal to account for missing Kuwaiti detainees; failure to return Kuwaiti property worth millions of dollars, including military equipment that was used by Iraq in its movement of troops to the Kuwaiti border in October 1994; sponsorship of assassinations in Lebanon and in northern Iraq; incomplete declarations to weapons inspectors and refusal of unimpeded access; and ongoing widespread human rights violations. As a result, the U.N. sanctions remain in place; the United States will continue to enforce those sanctions under domestic authority.

The Baghdad government continues to violate basic human rights of its own citizens through systematic repression of minorities and denial of humanitarian assistance. The Government of Iraq has repeatedly said it will not be bound by UNSC Resolution 688. For nearly 5 years, Baghdad has maintained a blockade of food, medicine, and other humanitarian supplies against northern Iraq. The Iraqi military routinely harasses residents of the north, and has attempted to "Arabize" the Kurdish, Turcomen, and Assyrian areas in the north. Iraq has not relented in its artillery attacks against civilian population centers in the south, or in its burning and draining operations in the southern marshes, which have forced thousands to flee to neighboring States.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The U.N. resolutions affirm that the Security Council must be assured of Iraq's peaceful intentions in judging its compliance with sanctions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

**Letter to Congressional Leaders on
Continuation of Emergency
Regarding Export Control
Regulations**

August 14, 1996

Dear Mr. Speaker: (Dear Mr. President:)

On August 19, 1994, in light of the expiration of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2401 *et seq.*), I issued Executive Order No. 12924 declaring a national emergency and continuing the system of export regulation under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*). Under section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), the national emergency terminates on the anniversary date of its declaration unless the President publishes in the *Federal Register* and transmits to the Congress a notice of its continuation.

I am hereby advising the Congress that I have extended the national emergency declared in Executive Order No. 12924. Attached is a copy of the notice of extension.

Sincerely,

William J. Clinton

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

**Notice—Continuation of Emergency
Regarding Export Control
Regulations**

August 14, 1996

On August 19, 1994, consistent with the authority provided me under the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), I issued Executive Order No. 12924. In that order, I declared a national emergency with respect to the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States in light of the expiration of the Export Administration Act of 1979, as amended (50 U.S.C. App. 2401 *et seq.*). Because the Export Administration Act has not been renewed by the Congress, the national emergency declared on August 19, 1994, must continue in effect beyond August 19,

1996. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), I am continuing the national emergency declared in Executive Order No. 12924.

This notice shall be published in the *Federal Register* and transmitted to the Congress.

William J. Clinton

The White House,
August 14, 1996.

[Filed with the Office of the Federal Register, 10:51 a.m., August 14, 1996]

NOTE: This notice was published in the *Federal Register* on August 15.

**Executive Order 13014—
Maintaining Unofficial Relations
With the People on Taiwan**

August 15, 1996

In light of the recognition of the People's Republic of China by the United States of America as the sole legal government of China, and by the authority vested in me as President of the United States of America by the Taiwan Relations Act (Public Law 96–8, 22 U.S.C. 3301 *et seq.*) (“Act”), and section 301 of title 3, United States Code, in order to facilitate the maintenance of commercial, cultural, and other relations between the people of the United States and the people on Taiwan with official representation or diplomatic relations, it is hereby ordered as follows:

Section 1. Delegation and Reservation of Functions.

1–101. Exclusive of the functions otherwise delegated, or reserved to the President by this order, there are delegated to the Secretary of State (“Secretary”) all functions conferred upon the President by the Act, in concluding the authority under section 7(a) of the Act to specify which laws of the United States relative to the provision of consular services may be administered by employees of the American Institute on Taiwan (“Institute”). In carrying out these functions, the Secretary may redelegate his authority, and shall consult with other departments and agencies as he deems appropriate.